



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 4/9/2003

GAIN Report #SP3009

Spain

Canned Deciduous Fruit

Annual

2003

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Report Highlights:

Low temperatures and abundant rains last winter and a mild spring –so far-- point to good crops of both peaches and pears in the coming marketing year (MY2003/04). Total exports of canned peaches and pears have risen in the current marketing year. Indeed, when the final figures are in for MY2002/03, exports of canned peaches may reach a record, reflecting lower availability for Spain's major European competitor, Greece. Spanish shipments of canned peaches and pears to the U.S. rose dramatically in MY 2001/02, representing over 10 percent of total exports.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1], SP

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EXECUTIVE SUMMARY

So far, weather conditions have been ideal for Spain's 2003 peach and pear crops. A cold, wet fall and winter, followed by a mild spring, have encouraged heavy blooming. Assuming no late frosts, this summer's harvest should be a good one for both crops.

Looking back at MY 2002/03 (June 2002-May 2003), preliminary official data show a substantial increase in canned peach production, which may fuel record exports for the season.

Canned Peaches

According to official estimates, the MY 2002/03 peach crop amounted to 1,247,400 tons, about a fifth higher than the previous season. This abundant crop made more fruit available to canners, whose output of canned peaches was about a third higher than the previous season.

While Spain was experiencing an up-tick in production in 2002/03, its main European competitor, Greece, was having a poor crop. Consequently, Spain's canned peach exports may well reach a new record. Shipments to the United States more than doubled in 2001/02, representing about 12 percent of total exports. EU subsidies account for about a fifth of the income farmers receive from peaches delivered to canneries.

Since Spanish canned peaches are subsidized by EU aids, U.S. exporters have limited potential in this market.

Canned Pears

The MY2002/03 pear crop totaled 603,200 tons, about 16 percent lower than the previous year. However, canned pear production was fairly stable despite high ending stocks. For MY 2003/04 canned pear production could decline due to large ending stocks from previous year.

Spain's exports of canned pears rose by about 20 percent in MY 2001/02. Shipments to the United States rose even more dramatically, to nearly 8,800 tons. EU subsidies account for nearly half of the income farmers receive from pears delivered to canneries.

Note: Current exchange rate: 1 Euro = \$1.07

CANNED PEACHES**PS&D Table - Canned Peaches**

PSD Table						
Country	Spain					
Commodity	Canned Peaches				(MT)(MT, Net Weight)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		06/2001		06/2002		06/2003
Deliv. To Processors	113000	113000	140000	151,729	0	140000
Beginning Stocks	22000	22000	5000	3833	10000	3735
Production	125000	125000	154000	166902	0	154000
Imports	3200	3361	2500	4000	0	4000
TOTAL SUPPLY	150200	150361	161500	174735	10000	161735
Exports	74100	75528	75000	100000	0	87000
Domestic Consumption	71100	71000	76500	71000	0	71000
Ending Stocks	5000	3833	10000	3735	0	3735
TOTAL DISTRIBUTION	150200	150361	161500	174735	0	161735

Production

Total production of fresh peaches rose to 1,247,400 tons in MY2002/03 from 1,030,800 tons in MY2001/02. MY2002/03 canned peach production is estimated to be about 166,902 tons, which will require an input of about 151,729 tons of fresh clingstone peaches. A good crop of peaches and the new EU policy which allocates payments directly to producers encouraged delivery of fruit to processors. .

Looking ahead to the coming marketing year, cold, wet weather last fall and winter have been favorable for peach trees. In addition, so far, no late frosts have been reported during blooming. A crop close to average is expected for MY 2003/04.

Consumption

According to trade sources, per capita consumption is stable. However the consumption of fruit cocktail (a mixture of canned peaches, pears, pineapple and grapes) is growing. Canned peaches are mainly consumed in the food service sector. One important part of this sector, tourist hotels, may be an important factor in consumption. The varieties of peaches used for canned production are also sold for fresh consumption. When the crop is abundant, as in MY 2002/03, the raw material for canning is also abundant, which encourages output of canned peaches.

Trade

The large production of canned peaches in MY 2002/03 is expected to encourage record exports during the marketing year, thanks in part to lower output in Greece. Exports to the United States reached 8,779 tons in MY 2001/2, a dramatic increase from the 3,500 tons shipped during the previous MY. Exports should slow somewhat in MY 2003/04, as production recovers in other EU countries. Nearly all imports are from EU countries, which also enjoy EU producer subsidies.

Spanish Exports - Canned Peaches

Export Trade Matrix			
Country	Spain		
Commodity	Canned Peaches		
Time period	MY/Jun/May	Units:	Metric Tons
Exports for:	2000		2001
U.S.	3500	U.S.	8779
Others		Others	
France	12357		11160
Portugal	8026		9738
Germany	8964		9513
Mexico	9080		9054
UK	10159		6158
Belgium	1385		1621
Korea, South	1203		1459
Canada	416		1135
Netherlands	771		600
Total for Others	52361		50438
Others not Listed	16257		16311
Grand Total	72118		75528

Spanish Imports - Canned Peaches

Import Trade Matrix			
Country	Spain		
Commodity	Canned Peaches		
Time period	MY/Jun/May	Units:	Metric Tons
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
France	833		878
Portugal	198		538
South Africa	487		484
Germany	1060		481
Greece	1308		479
Italy	637		439
Total for Others	4523		3299
Others not Listed	111		62
Grand Total	4634		3361

Stocks

Trade sources say that ending stocks for MY 2002/03 could be about 3,700 tons.

Policy

On March 2, 2001, the EU Commission published a regulation which provided detailed rules for applying Council Regulation 2201/96 as regards the aid scheme for products processed from fruits and vegetables. In an important departure from past practice, the new rules discontinued the system of the minimum prices paid to farmers for fresh fruit delivered to the canning industry. As a consequence, prices will be more flexible and responsive to supply and demand. The EU also set Spain's processing thresholds for peaches at 180,794 tons.

Farmers received a price of about 210.36 euros/ton of peaches delivered to processors in MY 2002/03. In addition, EU Regulation 892/2002 (dated May 29, 2002) set the amount of aid paid for peaches for processing at 47.70 euros /ton. Farmers organizations now receive the aid directly, which amounts to a bonus of over 22 percent of the cost processors pay for the fruit. If the amount of peaches delivered to processors is over the Spanish threshold and total EU production is over the EU quota, the amount of aid is reduced. No penalties are expected for MY 2003/04.

Marketing

Given the level of subsidies paid to peach producers, U.S. exporters will find it difficult to compete in this market.

CANNED PEARS

PS&D Table - Canned Pears

PSD Table						
Country	Spain					
Commodity	Canned Pears				(MT)(MT, Net Weight)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		06/2001		06/2002		06/2003
Deliv. To Processors	44700	44700	25000	42151	0	40000
Beginning Stocks	3000	3000	12600	12600	8100	12595
Production	48300	48300	27000	45545	0	43200
Imports	300	454	500	450	0	450
TOTAL SUPPLY	51600	51754	40100	58595	8100	56245
Exports	20500	20782	18000	22000	0	21000
Domestic Consumption	18500	18372	14000	24000	0	24000
Ending Stocks	12600	12600	8100	12595	0	11245
TOTAL DISTRIBUTION	51600	51754	40100	58595	0	56245

Production

The total pear crop declined to 603,200 tons in MY2002/03, compared to 719,500 tons in the previous season. However, the production of the most popular canning variety, *Williams*, rose to 261,000 tons in MY 2002/03, up 20 percent from the previous year. With abundant supplies of *Williams* available, 2002/03 canned pear production reached 45,545 tons, slightly less than the previous year. This was perhaps a surprisingly high level of output, considering the large stocks the industry was holding at the beginning of the season. Despite this level of production, Spain avoided EU penalties.

Consumption

According to trade sources, Spanish per capita consumption of canned pears is stable. However, consumption of fruit cocktail is growing. The *Williams* variety is used also for fresh consumption, although consumers prefer *Blanquilla*, *Conferencia* and other varieties for fresh consumption.

Trade

During MY 2001/02, Spanish exports of canned pears rose to 20,782 tons, a 30 percent increase from a year earlier; most are going to other EU countries. Canned exports to the United States also increased to 2,379 tons, up from 451 tons a year earlier. Fueled by a large production and high stocks, strong exports are expected for MY 2002/03.

Supplied almost exclusively by other EU countries and South Africa, Spain's total canned pear imports are insignificant, reaching only 454 tons during the 2001/2002 marketing year.

Spanish Exports - Canned Pears

Export Trade Matrix			
Country	Spain		
Commodity	Canned Pears		
Time period	MY/Jun/May	Units:	Metric Tons
Exports for:	2000/01		2001/02
U.S.	451	U.S.	2379
Others		Others	
Germany	4631		4683
France	4328		4627
UK	1371		1891
Netherlands	706		902
Italy	90		696
Austria	187		604
Denmark	308		563
Belgium	518		518
Portugal	408		477
Total for Others	12547		14961
Others not Listed	2914		3442
Grand Total	15912		20782

Spanish Imports - Canned Pears

Import Trade Matrix			
Country	Spain		
Commodity	Canned Pears		
Time period	MY/Jun/May	Units:	Metric Tons
Imports for:	2000/01		2001
U.S.	0	U.S.	0
Others		Others	
Germany	254		286
Italy			100
South Africa	46		54
France	64		13
Total for Others	364		453
Others not Listed	28		1
Grand Total	392		454

Stocks

Trade sources say that stocks of canned pears are relatively high, at around 20 percent of production.

Policy

On March 2, 2001, the EU Commission published a regulation which provided detailed rules for applying Council Regulation 2201/96 as regards the aid scheme for products processed from fruits and vegetables. In an important departure from past practice, the new rules discontinued the system of the minimum prices paid to farmers for fresh fruit delivered to the canning industry. As a consequence, prices will be more flexible and responsive to supply and demand. The EU also set Spain's processing thresholds for pears at 35,199 tons.

In MY 2002/03, farmers received a price of about 180 euros/ton for pears delivered to processors. In addition, EU Regulation 892/2002, dated May 29, 2002, sets the amount of the aid paid for pears at 161.7 euros /ton. Farmers organizations now receive the aid directly. The aid subsidy thus represents a bonus of 90 percent of the price paid by processors.

In MY 2002/03, the quantity of pears delivered to processors was over Spain's EU threshold for pears. However, taking into account that the total quantity of pears processed in the EU during MY 2002/03, Spanish producers do not expect a reduction in the aid during MY 2003/04.

Marketing

Given the very high level of subsidies paid to Spanish pear producers, U.S. exporters have very limited potential in this market.

